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NEWSDAY
2 October 1986

WHAT The Soviets Had on Danilo

WHY U.S. Hurried To Arrange Swap

HOW CIA Bungling Jeopardized Him

By Roy Gutman

Newsday Washington Bureau

Washington — The United States was eager to have Nicholas Danilo
freed from a Soviet prison in part because of the CIA's mishandling of a contact the agency had with him last year, U.S. officials said yesterday.

They said the Reagan administration feared that the CIA had inadvertently implicated the American reporter in a way that could cause him serious trouble under prolonged questioning by the Soviets and could embarrass the administration and extend the confrontation. The contact involved a communication that Danilo delivered from a Soviet citizen to the U.S. Embassy in Moscow.

The U.S. News & World Report correspondent was arrested on Aug. 30, more than a year later, after receiving a package from a Soviet acquaintance containing classified materials. The Reagan administration said he had been framed. Officials said his arrest was an apparent response to the FBI's arrest in New York a week earlier of Gennadiy Zakharov, a Soviet UN employee, on espionage charges.

For more than a week, the White House rejected Soviet demands to give equal treatment to Danilo and Zakharov. But on Sept. 12, the administration relented. Danilo was turned over to the custody of the U.S. ambassador in Moscow, and Zakharov was remanded into the custody of the Soviet ambassador in New York.

Secretary of State George Shultz defended the equal treatment on humanitarian grounds, and White House officials, speaking to reporters on

background, said that they were worried that Danilo might not be able to withstand the mental pressure of further incarceration.

But following Danilo's return to the United States, officials disclosed what they said was the main reason for the change of U.S. attitude. This was the report in the Soviet government newspaper Izvestia on Sept. 8 of an incident involving Danilo that had occurred at the beginning of 1985.

"In some circles, there was fear of him being interrogated for a number of days," said an official, who asked not to be named, but who is with an agency that opposed the arrangement. "You don't know what else would happen. There was a fear in the government that Danilo could have been in big trouble."

The earlier incident involved a man who identified himself as a priest and who sought out Danilo with purported information about Soviet youth organizations. A few days after the priest, who called himself "Father Roman," promised to drop off a packet of material on religious subjects, Danilo found an envelope left outside his apartment and addressed to the U.S. Embassy.

Uncertain what to do with the package, Danilo finally brought it to the embassy, where an official opened it in his presence, sources close to Danilo said. It contained other envelopes, including one addressed to CIA Director William Casey.

One letter contained a reference to rockets and other military subjects. The letter addressed to Casey was handed over to the CIA station chief in Moscow, and he in turn gave it to a CIA subordinate in the embassy, the sources said.

One embassy official asked Danilo how to get in touch with "Roman," and Danilo provided that information.

In an unusual move, which one senior U.S. official in Washington termed "very amateurish," the CIA subordinate then telephoned Roman and, on the open line, said, "I'm a friend of Nikolai," and acknowledged receiving the packet. He also sent Roman a note in which he used words to the effect that he had received "your package from your journalist friend."

Sources close to Danilo quoted him as saying that the episode was thoroughly discussed during his interrogation. It was also mentioned in the indictment against him handed down on Sept. 7.

Danilo's wife, Ruth, told reporters in Moscow that Roman was a "bogus priest the KGB sicced on Nick at the end of 1984."

Cutland

The first reference to the letter in the Soviet media was contained in the Sept. 8 Izvestia article. It said that an American diplomat, Paul M. Stombaugh, had written to Roman and mentioned "a reporter" who passed the letter from Roman to a designated address on Jan 24, 1985.

"It remains to be added that the reporter mentioned above was Nicholas Danilooff, who passed the above-mentioned letter to intelligence," Izvestia said. The report did not mention the phone call. But it added, "Are more proofs needed? They exist."

Stombaugh was declared persona non grata and expelled from the Soviet Union in June, 1985, for alleged espionage.

On Sept. 13, a day after Danilooff and Zakharov were released to the custody of their respective ambassadors, the Soviet foreign ministry spokesman claimed "irrefutable" evidence that Danilooff had acted "on instructions" of an American, Murat Natirboff, who was identified in Soviet news accounts as the CIA station chief in Moscow.

Sources close to Danilooff said that Natirboff, who had the title of counselor for regional affairs, left Moscow about three days after Danilooff's arrest.

The CIA refused to comment on the incident with Father Roman or allegations in the official Soviet media that Stombaugh or Natirboff had been involved. Kathy Pherson, a spokeswoman, said: "If you write an article about people who are allegedly intelligence officers, it sure doesn't help anybody, whether you're right or not." She also noted that the Agents' Identities Act, which makes disclosure of CIA agents' identities illegal, is still in force.

During his interrogation in Lefortovo prison, sources close to Danilooff said, he asked his Soviet questioner what he should have done in a case where a Soviet citizen approached him with an offer of information about Soviet life. The interrogator replied that Danilooff should tell the Soviet citizen to clear out.

LCS ANGELES TIMES
2 October 1986

Officials Say He 'Made a Bad Mistake'

U.S. Feared Soviets Could Make Daniloff Look Guilty

By RONALD J. OSTROW, *Times Staff Writer*

WASHINGTON—U.S. officials said Wednesday that they went to unusual lengths to avoid a Soviet trial of American correspondent Nicholas Daniloff, partly for fear the Soviets could put together a seemingly credible espionage case.

They said their concern for what might come out of a Kremlin-orchestrated show trial stemmed from the fact that Daniloff acknowledged receiving a Russian map that turned out to be stamped "secret" and had contact with a Russian priest now believed to be a KGB agent.

The officials emphasized that they were not suggesting that they believed Daniloff was, in fact, involved in spying but that the Soviets might have been able to portray his actions in a light embarrassing to the U.S. News & World Report correspondent and to the United States.

U.S. officials from the President on down continue to proclaim Daniloff's innocence of espionage charges. But a State Department official said Wednesday that in taking possession of the "secret" map from a Soviet acquaintance, Daniloff "made a bad mistake and something had to be done to correct it."

Adding to their concern, an Administration source said, U.S. officials had detected signs that Daniloff was weakening under psychological pressures being applied to him in Moscow's Lefortovo Prison. He was showing signs of "Stockholm syndrome"—the tendency of prisoners to identify with their captors—the official said.

"Daniloff had problems and that helps explain the extraordinary steps we took," said one government official involved in the matter. "It was very, very important to avoid a trial."

Such concerns help explain the complex deal engineered by the Reagan Administration to win his freedom. The agreement included the almost-simultaneous release of a Soviet spy in New York and Moscow's agreement to free a

prominent Soviet dissident in Siberia by Oct. 7, as well as next week's meeting between President Reagan and Soviet leader Mikhail S. Gorbachev in Iceland.

'Mentally Manipulated'

Responding to the suggestion that Daniloff was showing signs of Stockholm syndrome while in Soviet custody, U.S. News editor David R. Gergen said Wednesday: "I don't know if I would go that far, but it was very clear he had been mentally manipulated. It seemed he was tiring at the end (of his imprisonment). . . . Over time, we thought mental torture could have an impact."

"They essentially can make you say black is white and then have you sign a document on it."

Daniloff, in an interview Wednesday night, rejected the suggestion that he identified with his captors or sympathized with them. During his interrogation by a KGB colonel, Daniloff said, "it became clearer and clearer that he was bent on fabricating a case that would make me look like a spy."

"I always looked on him with considerable trepidation. There was no love lost," said Daniloff, describing the sessions as "extraordinarily unpleasant."

The potentially incriminating map depicted areas of Afghanistan and had the word *secret* stamped on it in Russian, according to a U.S. government source involved in the case. It was included in a group of documents that Daniloff received in the summer of 1985 from a Soviet acquaintance known to him as Misha. Daniloff has said he sent material from Misha to his magazine, but that it was not published. Misha was later identified as Mikhail Anatolevich Luzin.

Daniloff was arrested by the KGB Aug. 30 in a Moscow park, immediately after Misha handed him another envelope containing photographs and maps, one of which the government source said was the same as the Afghanistan map he had been given a year earlier.

A U. S. News official described the document as "a very foggy picture of a map that appeared to be on a board—a troop placement thing." It was among a number of photographs that Misha told Daniloff had been taken by Soviet soldiers and sent home from Afghanistan.

The other photos were of Soviet tanks and personnel in Afghanistan, a U.S. News official said. The material was stored in the magazine's files and not printed, he said.

An intelligence source said he was puzzled by Daniloff's dealings with Misha.

"Misha worked the hotels in Frunze," the Soviet city where Daniloff first met him in 1982, the source said. "He introduced himself to foreigners and offered to show them the sights," an activity he would not have been permitted to pursue without KGB endorsement, the source said.

By all accounts, the Russian priest, Father Roman Potemykyn, offered in December, 1984, to provide Daniloff with information about religious discord in the Soviet Union. Government sources said Daniloff grew wary of the man, who later was described by Ruth Daniloff, the correspondent's wife, as "a bogus priest whom the KGB sicked on" her husband.

Envoy Expelled

A U.S. government source said the man, who referred to himself as Father Roman, was later contacted by Paul M. Stombaugh, a political officer with the U.S. Embassy in Moscow who was accused of spying, declared *persona non grata* and expelled from the country in June, 1985.

The government source, acknowledging that Stombaugh was a CIA case agent, said the Soviets were likely to cite his approach to Father Roman as evidence that Daniloff had close ties to the intelligence agency.

THE NEW YORK TIMES, MONDAY, OCTOBER 6, 1986

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Daniloff's Unwitting Role in Intrigue

By PHILIP TAUBMAN

Special to The New York Times

WASHINGTON, Oct. 5 — Nicholas S. Daniloff said today that he had been unwittingly caught up in a complex intelligence confrontation in Moscow between the Central Intelligence Agency and the K.G.B., the Soviet intelligence and secret police agency.

Mr. Daniloff said he fell into a situation he still does not fully understand when he delivered to the American Embassy in 1985 an unsolicited letter from a bogus priest who he thinks was probably a K.G.B. agent.

The embassy's efforts to follow up the letter, he said in an interview, included two communications with the priest that mentioned Mr. Daniloff indirectly, apparently giving the Soviet authorities the impression that he was involved in American espionage.

He said the K.G.B. was planning to present the incident as key evidence against him if he had gone to trial.

Seen as Central to Case

Mr. Daniloff provided many new details today about the handling of the letter, an incident that has emerged since his return to the United States on Tuesday as central to both the case against

him in Moscow and the Soviet-American arrangement to free him and Genadi F. Zakharov, the convicted spy who was a Soviet employee of the United Nations.

Administration officials said after Mr. Daniloff's return here that one reason the White House had accepted an arrangement that to some extent equated his case with that of Mr. Zakharov was to avoid a Soviet trial in which the letter, particularly the C.I.A.'s handling of it, might become an issue.

Although the disclosures about the letter have not suggested in any way that Mr. Daniloff was knowingly involved in espionage, they have provided a possible explanation for why the Soviet authorities arrested him rather than another American correspondent to gain leverage for the release of Mr. Zakharov.

Mr. Zakharov, as part of the deal for Mr. Daniloff's freedom, was allowed to return to the Soviet Union last week after pleading no contest to espionage charges in New York.

Mr. Daniloff said today in an interview at the Washington bureau of The New York Times that he first met the bogus priest, a young man who identified himself as Father Roman, in December 1984, when he called the Moscow bureau of U.S. News & World Report. Mr. Daniloff was the magazine's correspondent.

Delivered Letter to Embassy

Although not convinced of the man's identity, Mr. Daniloff said he had decided to deliver a letter to the American Embassy that he found in his mailbox in January 1985 and that he assumed came from Father Roman.

"If I knew then what I know now, I would have burned the letter instead of taking it to the embassy," he said.

Mr. Daniloff said the letter was addressed to the United States Ambassador, Arthur A. Hartman. When the letter was opened at the embassy, he said, it contained an interior envelope addressed to William J. Casey, the Director of Central Intelligence.

Since returning to Washington, Mr. Daniloff said, he has learned that the letter contained information, potentially valuable to the United States, about Soviet rocket technology.

A month later, he said, he was called to the embassy by a senior political officer he knew and was taken to a se-

cure room that is designed to thwart Soviet listening devices or other electronic surveillance.

Mr. Daniloff said they were joined by another top embassy officer who he now believes was the C.I.A. station chief in Moscow. Mr. Daniloff said he suspected the man's intelligence connections at the time but was not sure.

American intelligence agents operate under cover in Moscow, posing as diplomats. American correspondents, in the normal course of business, have contact with many embassy officers, not knowing which, if any, are C.I.A. officers.

Mr. Daniloff said he provided the embassy officers with the name and phone number of Father Roman.

"I also told them in no uncertain terms that I wanted nothing more to do with the matter," he said.

Several months later, in April or May 1985, he was called to the embassy a second time to discuss the letter, he said.

At this meeting, also held in the secure room, Mr. Daniloff said, he was told that the embassy had concluded that the delivery of the letter to him was part of a K.G.B. trap and that he would be well advised not to have any further contact with Father Roman.

K.G.B. Cited Father Roman

Mr. Daniloff thought the incident had ended there until his arrest on Aug. 30, when he was informed by a K.G.B. interrogator that there was evidence the embassy had twice communicated with Father Roman, once by letter, once by phone, both times indirectly mentioning Mr. Daniloff.

Mr. Daniloff said that at first he assumed the evidence was fabricated but that since returning to Washington he has learned that a C.I.A. officer in Moscow did communicate with Father Roman.

In one case, he said, a letter was sent to Father Roman saying that his letter to the embassy had been received with the aid of "the journalist."

Later, the American intelligence officer called Father Roman and introduced himself by saying he was "a friend of Nikolai," Mr. Daniloff said.

Administration officials confirmed last week that these steps, which they called "unprofessional," had been taken by the C.I.A. station in Moscow.

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